

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-09 FRB-01 INR-07 IO-13 NEA-10 NSAE-00 USIA-15

OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 AGRE-00

OMB-01 NSC-05 SS-15 STR-04 L-03 H-02 PA-02 PRS-01

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC 4652

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PASS EB FOR PREG; TREASURY FOR NIEHUSS

E.O. 11652: N/A

TAGS: EINV, OECD

SUBJECT: FIFTEENTH JOINT MEETING BETWEEN OECD AND

BUSINESS AND INDUSTRY ADVISORY COMMITTEE

(BIAC), DECEMBER 3, 1976

REF: OECD PARIS 33687

1. IN REGULARLY SCHEDULED MEETING BETWEEN OECD AND BIAC ON DECEMBER 3, FRUITFUL EXCHANGE OF VIEWS TOOK PLACE WITH REGARD TO BIAC STUDY OF CAPITAL REQUIRED TO MEET ENERGY NEEDS, IMPLEMENTATION OF OECD MNE GUIDELINES, AND BIAC APPROACH REGARDING ISSUES RELATING TO DEVELOPMENT ASSISTANCE.

2. IN SUMMARIZING BIAC FORECAST OF CAPITAL REQUIRED TO MEET WORLD ENERGY NEEDS BY THE YEAR 1985, JOHN EMERSON (OF BIAC COMMITTEE ON ENERGY AND RAW MATERIALS) ESTIMATED THAT CAPITAL EXPENDITURES FOR PETROLEUM INDUSTRY IN THE TEN YEARS ENDING 1985 (WITH ASSUMPTION OF 10 PERCENT PER YEAR INFLATION) WOULD BE 900 BILLION DOLLARS, WITH TOTAL FUNDS NEEDED BY PETROLEUM INDUSTRY FOR ALL PURPOSES AT 1,345 BILLION. THE EXPENDITURE PROJECTIONS WERE MADE ON BASIS OF ASSUMPTION THAT ADEQUATE OPPORTUNITIES TO INVEST ARE PROVIDED BY GOVERNMENTS IN THEIR

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ROLE AS "LANDLORDS" AND THAT ADEQUATE INCENTIVES TO

INVEST EXIST FOR THE PRIVATE INVESTOR WHO REQUIRES A RETURN ON HIS INVESTMENT COMMENSURATE WITH THE RISK INVOLVED. WHILE IN THE PAST THE PETROLEUM INDUSTRY HAS USED CAPITAL MARKETS, NET INCOME, AND WRITE-OFFS AS SOURCES OF ITS FUNDS, THE AMOUNTS NEEDED BY 1985 ARE SO LARGE THAT "NON-TRADITIONAL", I.E. GOVERNMENTAL SOURCES, WILL HAVE TO BE UTILIZED TO FILL A "GAP" OF \$260 BILLION. IEA SECRETARIAT (REDDINGTON), WHILE RECOGNIZING TIMELINESS OF THE BIAI STUDY, INDICATED THAT IEA HAD GONE ABOUT ITS OWN STUDIES WITH A DIFFERENT METHODOLOGY (USING CONSTANT 1976 DOLLARS), AND CONCENTRATING ON OECD AREA RATHER THAN WORLDWIDE, AS WELL AS ASSUMING RATHER ACTIVE CONSERVATION MEASURES. USBIAC (GUERTIN) HOPED THAT ONCE OECD/IEA SUPPLY OUTLOOK FORECASTS IN THE REVISED LONG-TERM ENERGY ASSESSMENT ARE MADE PUBLIC IN EARLY JANUARY, 1977, THE BIAI PAPER COULD BE MODIFIED ACCORDINGLY, AND A SECTION OF RECOMMENDATIONS BY THE BIAI ADDED. (FYI: BIAI DRAFT PAPER BEING SENT TO GELBARD, EUR/RPE.)

3. OECD SECRETARIAT (VOGELAAR) SUMMARIZED RESULTS OF LAST COMMITTEE ON INTERNATIONAL INVESTMENT AND MNE'S (CIME) MEETING (REFTEL), AS WELL AS PRESS AND COMPANY REACTIONS. USBIAC MEMBER (GUERTIN) REVIEWED ACTIVITIES IN US, INCLUDING RECENT PUBLICATION BY USBIAC OF TWO BOOKLETS (ONE A REPUBLICATION OF MNE GUIDELINES ALONG WITH JUNE, 1976 WALL STREET JOURNAL ARTICLE BY PAUL BOEKER; AND THE OTHER A COMPREHENSIVE ANALYSIS OF DISCLOSURE OF INFORMATION SECTION BY PRICE-WATER-

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HOUSE), AS WELL AS PLANS FOR OTHER BOOKLETS ON TRANSFER OF TECHNOLOGY, LABOR, AND COMPETITION. GUERTIN ALSO TOLD OF PLANS FOR A SEMINAR ON THE GUIDELINES (SPONSORED BY ICC, NAM AND US COUNCIL IN ASSOCIATION WITH AMERICAN INTERNATIONAL LAW SOCIETY) FOR CORPORATE SENIOR PUBLIC AFFAIRS OFFICERS AND GENERAL COUNSELS TO BE HELD IN JANUARY, 1977. HARVEY WILLIAMS (OF ICC) ANNOUNCED THE CREATION, ON NOVEMBER 30, OF A NEW ICC COMMISSION ON MNE'S. THIS BODY WHICH HAS ENDORSED THE OECD GUIDELINES, WILL ACTIVELY MAINTAIN A LIAISON WITH THE UN TRANSNATIONAL ENTERPRISE COMMISSION. OTHER BIA DELS DESCRIBED BRIEFLY THEIR COUNTRY'S ACTIVITIES IN DISSEMINATING AND PROMOTING THE GUIDELINES.

4. CHAIRMAN OF BIA C STANDING GROUP ON DEVELOPMENT AID AND PRIVATE INVESTMENT (BATA) PRESENTED BRIEF PAPER ON BIA C APPROACHES RELATING TO DEVELOPMENT ASSISTANCE. SUBSTANCE OF SUGGESTIONS WAS THAT BIA C HAVE OPPORTUNITY TO MEET WITH SENIOR POLICY OFFICIALS OF DAC COUNTRIES, RATHER THAN MERELY PERMANENT DAC MEMBERS. ALSO, DAC SHOULD SPONSOR HIGH LEVEL CONTACTS BETWEEN BIA C AND LDC DECISION-MAKERS. THIS COULD BE DONE BY SMALL BIA C/DAC TEAMS VISITING COUNTRIES INDIVIDUALLY, ON THE ONE HAND, TO DEVELOP CONCEPTS IN INDUSTRIAL SKILLS IN LDC'S, AND ON THE OTHER TO EMPHASIZE THE COMMONALITY OF INTERESTS

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BETWEEN LDC'S AND PRIVATE INVESTORS. DAC SECRETARIAT (FUEHRER) UNDERLINED THE USEFULNESS OF FREQUENT CONTACTS WITH BIA C ON THIS ISSUE.

5. WITH RESPECT TO RAW MATERIALS' BIA C MEMBER (CLARKE OF CANADA) REQUESTED THE OECD CONSULT WITH BIA C AS EARLY, AND AS FREQUENTLY AS APPROPRIATE, ON THESE ISSUES. NEXT MEETING OF BIA C ADMINISTRATIVE COMMITTEE SCHEDULED FOR MARCH 11, 1977. POSSIBILITY OF BIA C/OECD LIAISON COMMITTEE MEETING AT THAT TIME WAS LEFT OPEN.

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